

Family Structure and Employment Characteristics Differentiate Poor from Near-Poor Workers

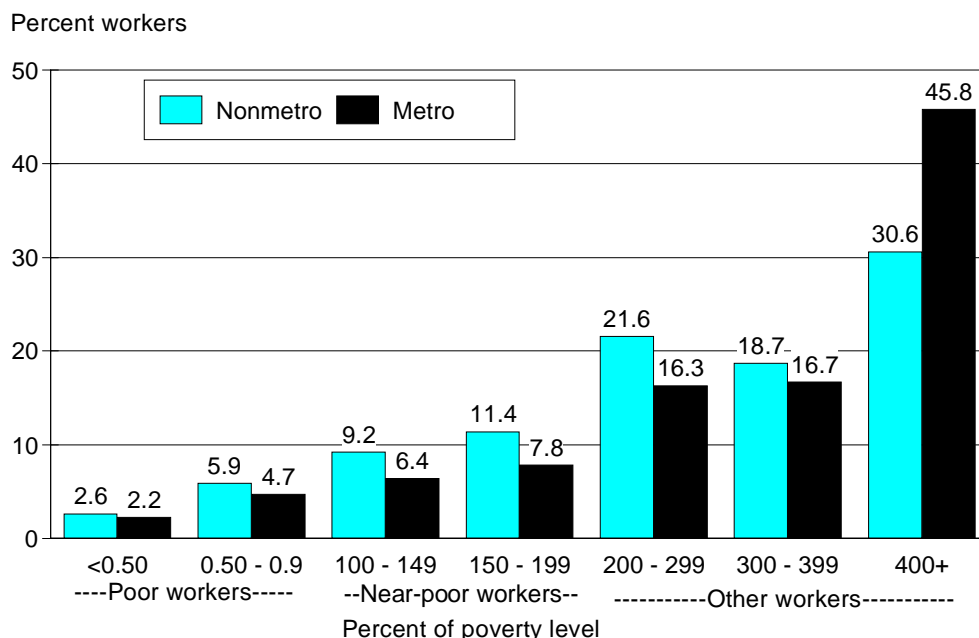
Many rural workers are poor or have incomes just above the poverty line. Rural poor workers are more likely than near-poor or other workers to live in a one-earner family, and to work less than full-time. Rising above the poverty level may be difficult for many poor workers because they have multiple barriers to livable-wage employment.

The modest increase in weekly wages from 1990 to 1996 (see “Rural Earnings Edge Up in the 1990’s” in this issue) has done little to alleviate the working poverty that persists in both rural and urban areas. Work does not always lift and keep a family out of poverty. Identifying those family and employment characteristics that distinguish poor workers from near-poor workers sheds some light on what is required for a worker to rise above the poverty level. Welfare reform efforts to move recipients from welfare to work will face some of the same problems that result in working poverty in rural areas.

Rural Workers More Likely Than Urban Workers To Be at the Lower End of the Income Distribution

In 1995, 123,750,000 persons in the United States worked at least part of the year. Of those workers, 8,954,000, or 7 percent, had family incomes below the poverty level (fig.1). Another 19,036,000 (15 percent) had family incomes between 1 and 2 times the poverty level (near-poor workers). Rural workers were somewhat more likely than urban to be poor—about 8.5 percent of rural workers had family income below the poverty level, compared with about 7 percent of urban workers. Rural workers were much more likely than urban to be near-poor—20 percent of rural workers were near-poor, 14 percent of urban workers. The share of rural workers with family income over twice the poverty level was 71 percent, versus 79 percent of urban workers. The 31-percent share of rural workers in the highest income category (those with family incomes at least four times the poverty level) was considerably smaller than the urban share (46 percent) and reflects in

Figure 1
Distribution of workers by ratio of family income to poverty level, 1995
Rural workers are more likely than urban workers to be poor or near-poor



Note: See appendix for definition of workers.

Source: Calculated by ERS using data from the March Supplement of the 1996 Current Population Survey.

part the location of the highest paying jobs in urban areas. Average 1995 earnings for rural poor workers, at \$5,221, were similar to the average earnings for urban poor workers (\$5,244). Average 1995 earnings for rural near-poor workers, at \$11,825, were slightly lower than for urban near-poor workers (\$12,303). For all other workers, 1995 earnings averaged \$26,327 for rural workers and \$33,465 for urban workers. Workers are defined here as persons between 18 and 64 years old, not self-employed, and who worked and had positive earnings during 1995.

Poor Workers and Near-Poor Workers More Likely Than Other Workers To Be Southern, Young, and in a Minority Group

The Southern region, which contains the largest share of the rural population (44 percent) and the largest share of rural workers (35 percent), also contains the largest share of poor and near-poor workers. Forty-eight percent of rural poor and about the same share of near-poor workers lived in the South, compared with 39 percent of other workers.

About 31 percent of rural poor workers were young (less than 25 years old), a much larger share than for either near-poor (22 percent) or other workers (13 percent). This is not surprising given that almost none of the young workers would be likely to earn the higher wages that accompany job seniority, and many were in school. In fact, if rural workers who claimed to work less than 52 weeks in 1995 because they were in school are excluded from the analysis, only 26 percent of poor workers, 19 percent of near-poor workers, and 9.5 percent of other workers were under the age of 25. Predictably, older workers experience less poverty than younger workers. Only 17 percent of rural poor workers and 20 percent of near-poor workers were age 45 and older, while 37 percent of other rural workers fell into this age category.

Although the share of minorities differs between each of the income groups, both rural poor and near-poor workers were much more likely than other workers to be a minority. Thirty-one percent and 25 percent of rural poor and near-poor workers were minorities, compared with only 10 percent of other workers.

Living in Multiple-Earner Families and Labor Force Participation Separate Poor From Near-Poor and Other Workers

Living in a family with more than one worker reduces the likelihood of poverty for rural workers (table 1). Workers in families with more than one adult but with only one adult

Table 1

Worker poverty status by potential number of earners per family, 1995

Rural poor workers were much less likely than near-poor or other workers to live in families with two or more earners

Item	Nonmetro			Metro		
	Poor	Near-poor	Other	Poor	Near-poor	Other
	Percent					
One adult earner in multiple-adult family	14.5	31.2	54.3	12.0	22.8	65.2
Two or more earners in multiple-adult family	3.0	16.3	80.7	2.4	9.8	87.8
Single parent earner	38.3	35.0	26.7	30.3	31.0	38.7
Sole male earner	13.8	25.0	61.2	10.0	18.9	71.1
Sole female earner	19.6	30.7	49.7	11.3	21.8	66.8

Source: Calculated by ERS using data from the March Supplement of the 1996 Current Population Survey.

working were much more likely to be poor or near-poor (46 percent) than workers in families with two or more earners (19 percent). The workers most vulnerable to poverty or near-poverty were single parents. Almost 75 percent of workers in this group were poor or near-poor. Women living alone experienced higher rates of poverty and near-poverty than men living alone. Half of the women living alone fell into the poor and near-poor categories, compared with 39 percent of men living alone.

The extent of employment distinguished rural poor workers from near-poor and other workers. Poor workers were much more likely than workers in the other two groups to be employed less than full-time, full-year (fig. 2). About 70 percent of rural poor workers worked part-time, part-year, compared with 37 percent of near-poor workers and 23 percent of other workers. Nevertheless, even full-time, full-year work does not guarantee adequate income. About 30 percent of poor workers worked full-time, full-year.

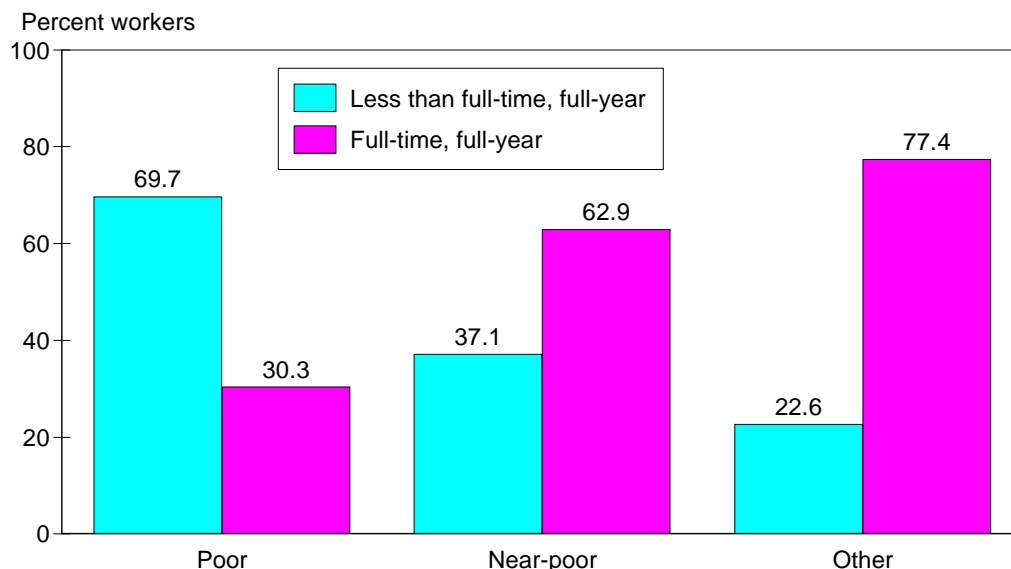
Poor Workers Experience More Barriers to Livable-Wage Employment Than Near-Poor Workers

Certain educational and family characteristics can make it difficult to acquire and sustain livable-wage employment, and these characteristics distinguish rural poor and near-poor workers from other workers (fig. 3). Workers with low levels of education often find they do not qualify for better paying jobs. Thirty-two percent of rural poor workers and 23 percent of near-poor workers over age 25 lacked a high-school diploma, compared with 10 percent of other rural workers. Female heads of family also are at a disadvantage in the labor market, partly because caring for young children contributes to the parent's relative unavailability for work, and to the limited ability of other family members to contribute additional income. A much higher proportion of poor workers (48 percent) than near-poor

Figure 2

Work time of rural workers by poverty status, 1995

Less than full-time, full-year work sets poor workers apart



Source: Calculated by ERS using data from the March Supplement of the 1996 Current Population Survey.

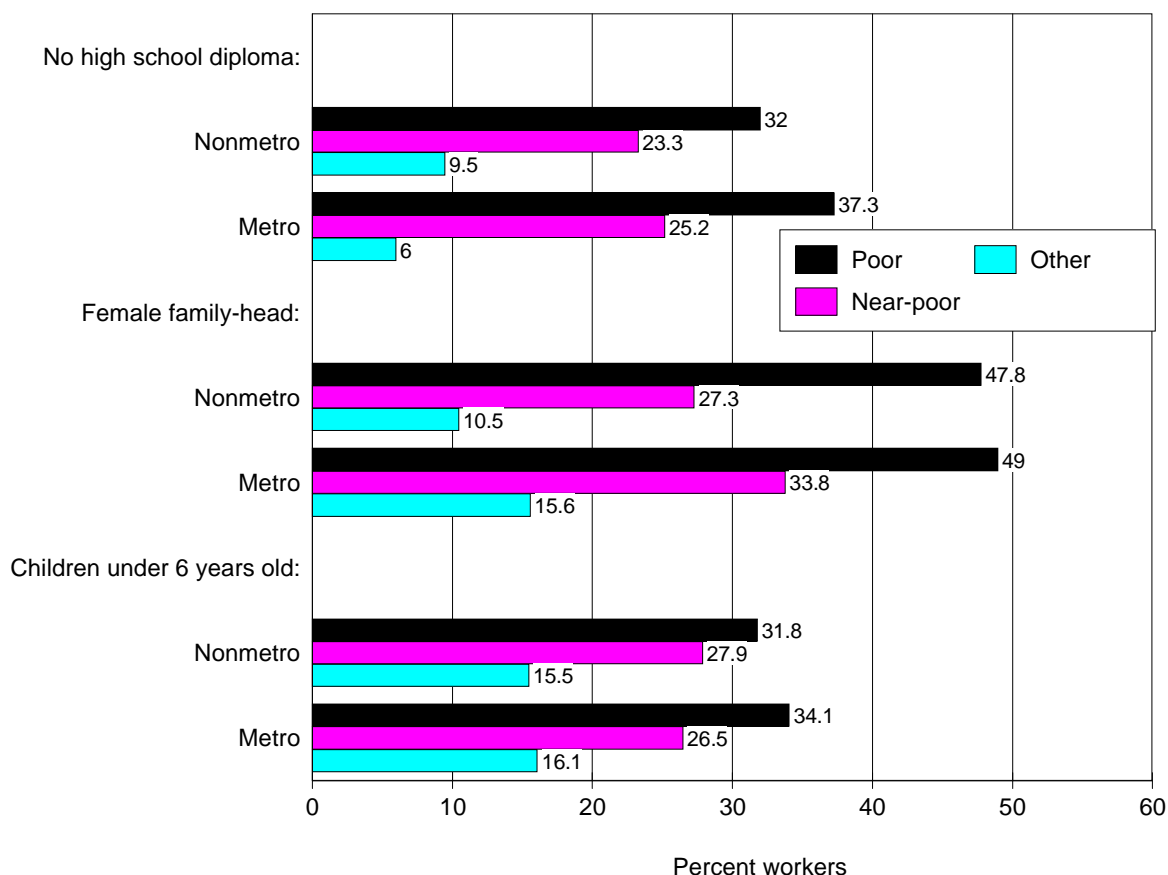
workers (27 percent) were female family heads. Of other workers, female family heads comprised less than 11 percent.

Additionally, poor workers and near-poor workers were more likely to have children under the age of 6 than other workers. While 32 percent and 28 percent of rural poor and near-poor workers had children under 6 years, less than 16 percent of other workers had children in this age category. Low-wage workers with young children may gain some relief from the Earned Income Credit, a refundable Federal tax credit targeted to low-income workers with at least one dependent child. As disadvantageous as these educational and family characteristics are singly, they are even more disadvantageous in combination. Twenty-two percent of rural poor workers had two of these barriers to livable-wage employment, while only 10 and 1.5 percent of rural near-poor and other workers were similarly disadvantaged (fig. 4). About 3.5 percent of poor workers in rural areas possessed all three barriers to earning a livable wage—low educational level, being a female family head, and having a young child at home—compared with less than 0.5 percent of near-poor workers and less than 0.01 percent of other workers. [Elizabeth M. Dagata, 202-219-0536 (after October 24, 202-694-5422), edagata@econ.ag.gov]

Figure 3

Barriers to livable-wage employment by poverty status and residence, 1995

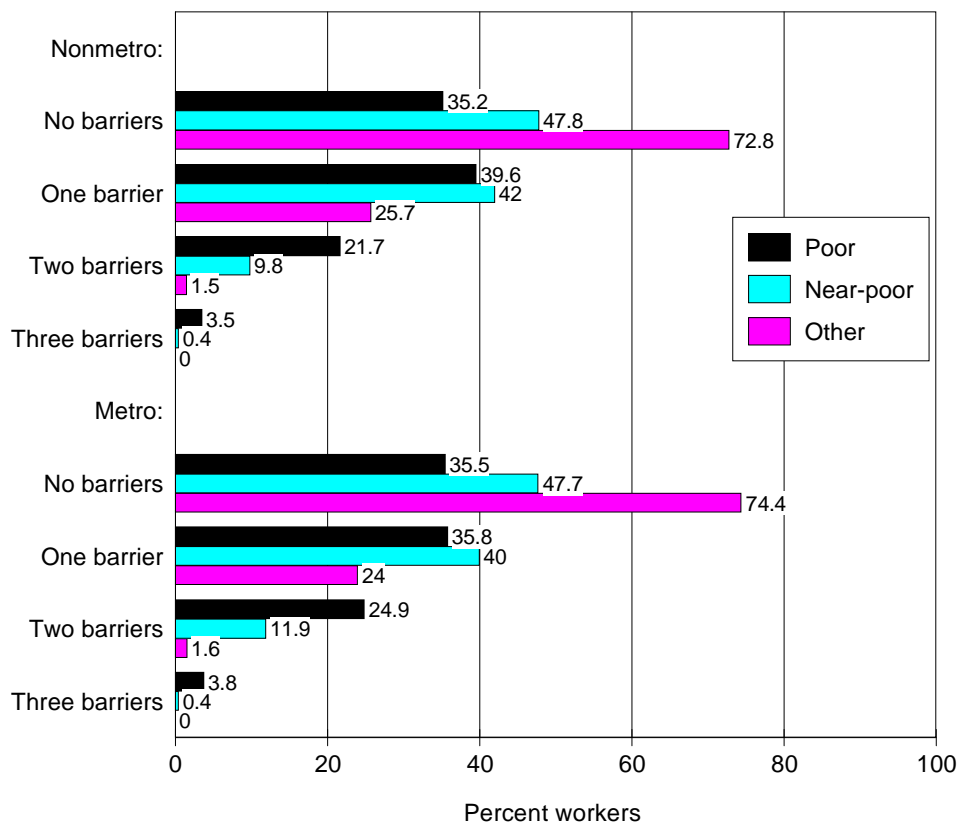
Poor and near-poor workers have more barriers to livable-wage employment than other workers



Source: Calculated by ERS using data from the March Supplement of the 1996 Current Population Survey.

Figure 4

Multiple barriers to livable-wage employment by poverty status and residence, 1995
Poor and near-poor workers are also more likely than other workers to have multiple barriers to livable-wage employment



Source: Calculated by ERS using data from the March Supplement of the 1996 Current Population Survey.

Who Is Considered Poor ?

A person is considered poor if his or her family's money income is below the official poverty threshold appropriate for that size and type of family. Different thresholds exist for elderly and nonelderly unrelated individuals, for two-person families with and without elderly heads, and for different family sizes by number of children. For example, the poverty threshold for a family of four with two children was \$15,455 in 1995. Thresholds are adjusted for inflation annually using the Consumer Price Index. *Poor workers* are workers whose family income falls below the poverty level, *near-poor workers* are workers whose family income is between 1 to 2 times the poverty level, and *other workers* are workers with family income above 2 times the poverty level.